

SONY

Q1 FY2022 Consolidated Financial Results

(Three months ended June 30, 2022)

July 29, 2022

Sony Group Corporation

Q1 FY2022 Consolidated Results

	Q1 FY21	Q1 FY22	Change
			(Bln Yen)
Sales*	2,256.8	2,311.5	+54.7 bln yen (+2%)
Operating income	280.1	307.0	+26.9 bln yen (+10%)
Income before income taxes	283.2	291.4	+8.2 bln yen (+3%)
Net income attributable to Sony Group Corporation's stockholders	211.8	218.2	+6.4 bln yen (+3%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)	169.22 yen	175.21 yen	+5.99 yen
Average Rate			
1 US dollar	109.5 yen	129.4 yen	
1 Euro	131.9 yen	138.0 yen	

*"Sales" is used to mean "sales and financial services revenue" in accordance with International Financial Reporting Standards ("IFRS") (applies to all following pages).

Q1 FY2022 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Better / (-) Worse
Sales	+54.7 bln yen +2%	<ul style="list-style-type: none"> · (+) Significant increases in Pictures and Music segments sales · (-) Significant decrease in Financial Services segment sales <p>On a constant currency basis*, sales decreased approx. 7%</p>
Operating income	+26.9 bln yen +10%	<ul style="list-style-type: none"> · (+) Significant increases in Financial Services and Pictures segments operating income · (-) Significant decreases in G&NS and ET&S segments operating income
Income tax expense	+3.0 bln yen (Effective tax rate 25% → 25%)	—

* For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Note on page 16 (applies to all following pages).

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Adjusted Operating Income (Q1)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q1 FY21	280.1 bln yen	291.4 bln yen	<ul style="list-style-type: none"> ■ Loss recorded due to an unauthorized withdrawal of funds at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen) ■ Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen)
Q1 FY22	307.0 bln yen	307.0 bln yen	—
Change from FY21	+26.9 bln yen	+15.6 bln yen (+5%)	

* These monetary amounts are disclosed in the Annual and Quarterly Financial Statements, the Earnings Presentation Slides, the Quarterly Securities Reports and the Form 20-F.
Adjusted operating income is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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Adjusted Income Before Income Taxes (Q1)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
Q1 FY21	283.2 bln yen	294.5 bln yen	<ul style="list-style-type: none"> Loss recorded due to an unauthorized withdrawal of funds at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen) Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen)
Q1 FY22	291.4 bln yen	291.4 bln yen	—
Change from FY21	+8.2 bln yen	-3.1 bln yen (-1%)	

* These monetary amounts are disclosed in the Annual and Quarterly Financial Statements, the Earnings Presentation Slides, the Quarterly Securities Reports and the Form 20-F. Adjusted income before income taxes is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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Adjusted Net Income Attributable to Sony Group Corporation's Stockholders (Q1)

	Net Income Attributable to Sony Group Corporation's Stockholders	Adjusted Net Income Attributable to Sony Group Corporation's Stockholders	Adjusted Net Income Attributable to Sony Group Corporation's Stockholders excludes the following items*
Q1 FY21	211.8 bln yen	220.4 bln yen	<ul style="list-style-type: none"> Loss recorded due to an unauthorized withdrawal of funds at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen) Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen) Tax adjustment with regard to the above two items (+2.8 bln yen)
Q1 FY22	218.2 bln yen	218.2 bln yen	—
Change from FY21	+6.4 bln yen	-2.2 bln yen (-1%)	

* These monetary amounts are disclosed in the Annual and Quarterly Financial Statements, the Earnings Presentation Slides, the Quarterly Securities Reports and the Form 20-F. Adjusted net income attributable to Sony Group Corporation's stockholders is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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Adjusted Net Income Attributable to Sony Group Corporation's Stockholders (Q1)

Q1 FY21

(Bln Yen)

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Group Corporation's Stockholders
Financial results	283.2	70.1	24.8%	211.8
Adjusted items impacting effective tax rate	—	—	—	—
Subtotal	283.2	70.1	24.8%	211.8
Other adjusted items*	+11.3	+2.8	24.8%	+8.5
Adjusted results	294.5	72.9	24.8%	220.4

Q1 FY22

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Group Corporation's Stockholders
Financial results	291.4	73.1	25.1%	218.2
Adjusted items impacting effective tax rate	—	—	—	—
Subtotal	291.4	73.1	25.1%	218.2
Other adjusted items*	—	—	—	—
Adjusted results	291.4	73.1	25.1%	218.2

* See page 5 for details regarding adjusted items.

Adjusted results are not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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Q1 FY2022 Results by Segment

(Bln Yen)

		Q1 FY21	Q1 FY22	Change	FX Impact
Game & Network Services (G&NS)	Sales	615.8	604.1	-11.7	+57.9
	Operating income	83.3	52.8	-30.5	-4.8
Music	Sales	254.9	308.1	+53.2	+35.9
	Operating income	55.4	61.0	+5.6	—
Pictures	Sales	204.7	341.4	+136.6	+52.4
	Operating income	25.4	50.7	+25.3	—
Entertainment, Technology & Services (ET&S) *	Sales	576.3	552.3	-24.0	+48.1
	Operating income	71.8	53.6	-18.2	+6.2
Imaging & Sensing Solutions (I&SS)	Sales	218.1	237.8	+19.8	+26.1
	Operating income	30.5	21.7	-8.8	+11.0
Financial Services	Revenue	414.4	297.8	-116.6	—
	Operating income	24.0	81.3	+57.3	—
All Other	Sales	22.0	19.3	-2.7	—
	Operating income	4.2	2.9	-1.3	—
Corporate and elimination	Sales	-49.3	-49.3	-	—
	Operating income	-14.3	-16.9	-2.5	—
Consolidated total	Sales	2,256.8	2,311.5	+54.7	—
	Operating income	280.1	307.0	+26.9	—

Sales in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).

* The former Electronics Products & Solutions (EP&S) segment has been renamed the Entertainment, Technology & Services (ET&S) segment effective from April 2022. This change has not resulted in any reclassification of businesses across segments (applies to all following pages).

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FY2022 Consolidated Results Forecast

(Bln Yen)

	FY21	FY22 May FCT	FY22 July FCT	Change from May FCT
Sales	9,921.5	11,400	11,500	+100 bln yen (+1%)
Operating income	1,202.3	1,160	1,110	-50 bln yen (-4%)
Income before income taxes	1,117.5	1,130	1,070	-60 bln yen (-5%)
Net income attributable to Sony Group Corporation's stockholders	882.2	830	800	-30 bln yen (-4%)
Operating Cash Flow (Sony without Financial Services)	813.3	1,050	820	-230 bln yen (-22%)
Average rate	Actual	Assumption	Assumption (Q2-Q4 FY22)	Dividend per Share (Planned)
1 US dollar	112.3 yen	Approx. 123 yen	Approx. 130 yen	Interim 35 yen
1 Euro	130.5 yen	Approx. 135 yen	Approx. 138 yen	Year-end Undecided

Consolidated Operating Cash Flow (Sony without Financial Services) is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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FY2022 Results Forecast by Segment

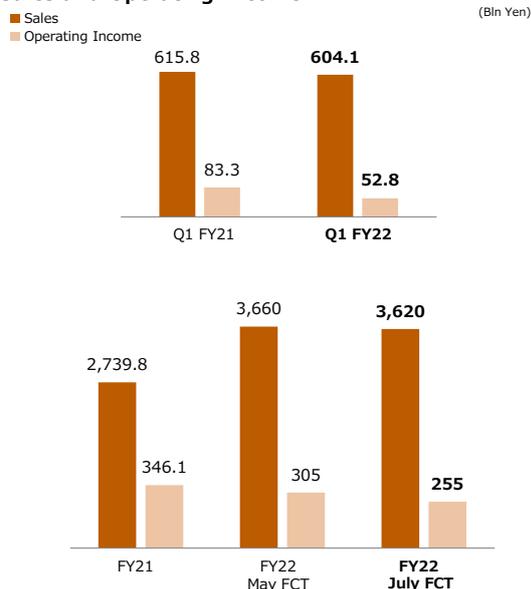
(Bln Yen)

		FY21	FY22 May FCT	FY22 July FCT	Change from May FCT
Game & Network Services (G&NS)	Sales	2,739.8	3,660	3,620	-40
	Operating income	346.1	305	255	-50
Music	Sales	1,116.9	1,240	1,280	+40
	Operating income	210.9	230	230	-
Pictures	Sales	1,238.9	1,330	1,380	+50
	Operating income	217.4	100	100	-
Entertainment, Technology & Services (ET&S)	Sales	2,339.2	2,400	2,450	+50
	Operating income	212.9	180	180	-
Imaging & Sensing Solutions (I&SS)	Sales	1,076.4	1,470	1,440	-30
	Operating income	155.6	200	200	-
Financial Services	Revenue	1,533.8	1,440	1,440	-
	Operating income	150.1	220	220	-
All Other, Corporate and elimination	Operating income	-90.7	-75	-75	-
Consolidated total	Sales	9,921.5	11,400	11,500	+100
	Operating income	1,202.3	1,160	1,110	-50

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Game & Network Services Segment (G&NS Segment)

Sales and Operating Income



Q1 FY2022 (year-on-year)

- Sales: 11.7 bln yen (2%) decrease (FX Impact: +57.9 bln yen)
 - (-) Decrease in sales of non-first-party titles including add-on content
 - (-) Decrease in sales of first-party titles
 - (+ Impact of foreign exchange rates
- OI: 30.5 bln yen (37%) significant decrease (FX Impact: -4.8 bln yen)
 - (-) Impact of decrease in sales of non-first-party titles including add-on content
 - (-) Impact of decrease in sales of first-party titles
 - (-) Increase in costs, mainly for game software development at existing studios

FY2022 Forecast (change from May forecast)

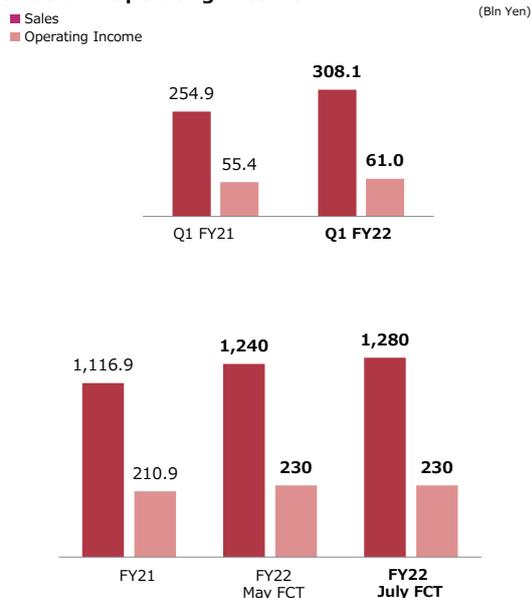
- Sales: 40 bln yen (1%) downward revision
 - (-) Decrease in sales of non-first-party titles including add-on content
 - (+ Impact of foreign exchange rates
- OI: 50 bln yen (16%) downward revision
 - (-) Impact of decrease in sales of non-first-party titles including add-on content
 - (-) Negative impact of foreign exchange rates
 - (-) Increase in expenses* associated with acquisitions, mainly due to the acquisition of Bungie, Inc. being completed earlier than the assumed timing (approx. 13 bln yen increase: approx. 44 bln yen → approx. 57 bln yen)

* Regarding expenses associated with acquisitions completed within the current fiscal year, Sony has included the estimated impact of these acquisitions based on certain assumptions in the forecast for the current fiscal year. However, the actual amount of expenses to be recorded in the current fiscal year is subject to change depending on factors such as the accounting treatment to be finalized after the closing dates.

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Music Segment

Sales and Operating Income



Q1 FY2022 (year-on-year)

- Sales: 53.2 bln yen (21%) significant increase (FX Impact: +35.9 bln yen)
 - (+ Impact of foreign exchange rates
 - (+ Higher sales for Recorded Music and Music Publishing from paid subscription streaming services which also benefited from the success of a number of new releases in Recorded Music
 - (+ Higher revenues for live performances and merchandise sales in Recorded Music
 - (-) Lower sales for Visual and Media Platform due to a decrease in sales in the anime business
- OI: 5.6 bln yen (10%) increase
 - (+ Positive impact of foreign exchange rates

FY2022 Forecast (change from May forecast)

- Sales: 40 bln yen (3%) upward revision
 - (+ Impact of foreign exchange rates
- OI: Remains unchanged from May forecast

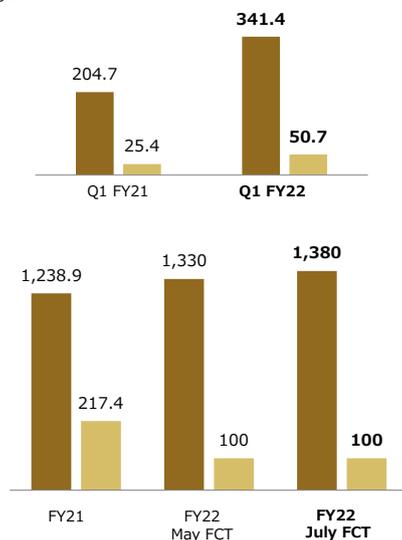
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Pictures Segment

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



Q1 FY2022 (year-on-year)

The following analysis is on a U.S. dollar basis

- Sales: 136.6 bln yen (67%) significant increase (U.S. dollar basis: 769 mil USD / 41%)
 - (+) Increase in series deliveries in Television Productions
 - (+) Higher television licensing and home entertainment revenues for titles released in FY21 in Motion Pictures
 - (+) Higher sales for anime streaming services, including the impact of the acquisition of Crunchyroll
 - (+) Impact of the acquisition of Industrial Media
 - (-) Impact of fewer new releases in Motion Pictures
- OI: 25.3 bln yen (100%) significant increase (U.S. dollar basis: 162 mil USD / 70%)
 - (+) Impact of increase in sales for Motion Pictures and Television Productions

FY2022 Forecast (change from May forecast)

- Sales: 50.0 bln yen (4%) upward revision
 - (+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast

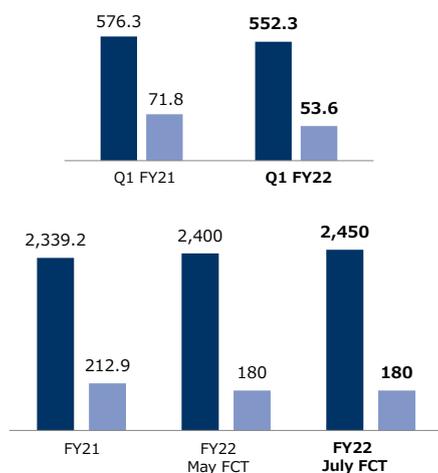
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Entertainment, Technology & Services Segment (ET&S Segment)

Sales and Operating Income

■ Sales
■ Operating income

(Bln Yen)



Q1 FY2022 (year-on-year)

- Sales: 24.0 bln yen (4%) decrease (FX Impact: +48.1 bln yen)
 - (-) Decrease in sales of televisions due to a decrease in unit sales
 - (+) Impact of foreign exchange rates
- OI: 18.2 bln yen (25%) significant decrease (FX Impact: +6.2 bln yen)
 - (-) Deterioration of operating results for televisions due to a decrease in unit sales

FY2022 Forecast (change from May forecast)

- Sales: 50.0 bln yen (2%) upward revision
 - (+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast
 - (+) Impact of increase in sales of digital cameras due to an increase in unit sales
 - (-) Impact of decrease in sales of televisions due to a decrease in unit sales

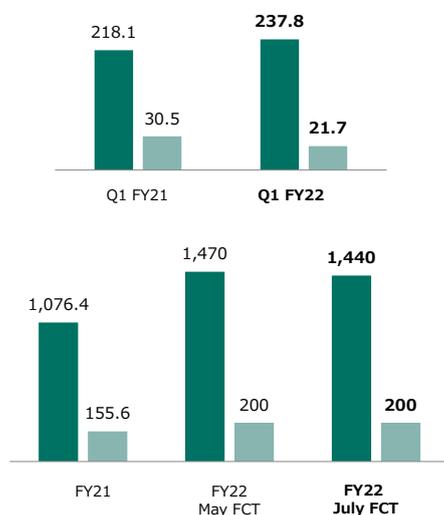
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Imaging & Sensing Solutions Segment (I&SS Segment)

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



Q1 FY2022 (year-on-year)

- Sales: 19.8 bln yen (9%) increase (FX Impact: +26.1 bln yen)
 - (+) Impact of foreign exchange rates
- OI: 8.8 bln yen (29%) decrease (FX Impact: +11.0 bln yen)
 - (-) Increase in research and development expenses as well as depreciation and amortization expenses
 - (-) Increase in manufacturing costs
 - (+) Positive impact of foreign exchange rates

FY2022 Forecast (change from May forecast)

- Sales: 30 bln yen (2%) downward revision
 - (-) Lower-than-expected sales of image sensors for mobile products
 - (-) Decrease in unit sales
 - (+) Improvement in product mix
 - (-) Lower-than-expected sales of image sensors for industrial equipment and security cameras
 - (+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast
 - (+) Positive impact of foreign exchange rates
 - (-) Impact of decrease in sales of image sensors for industrial equipment and security cameras

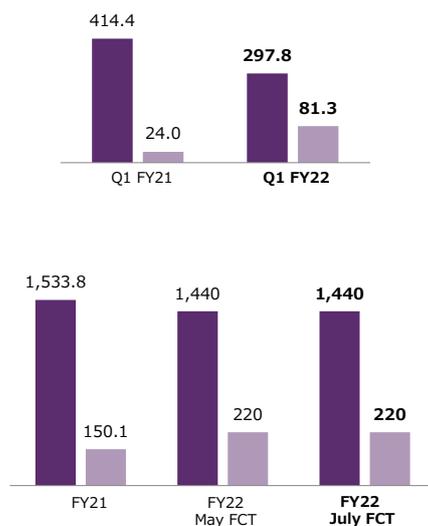
Image sensors sales and additions to long-lived assets for the I&SS segment (and for image sensors) are disclosed in the Supplemental Information for the Consolidated Financial Results for Q1 FY22. | 14

Financial Services Segment

Financial Services Revenue and Operating Income

■ Financial Services Revenue
■ Operating Income

(Bln Yen)



Q1 FY2022 (year-on-year)

- Revenue: 116.6 bln yen (28%) significant decrease
 - (-) Significant decrease in revenue at Sony Life (123.5 bln yen decrease, revenue: 247.9 bln yen)
 - (-) Decrease in net gains on investments in the separate accounts
- OI: 57.3 bln yen (239%) significant increase
 - (+) Significant increase in OI at Sony Life (40.1 bln yen increase, OI: 75.2 bln yen)
 - (+) Gain recorded on the sale of real estate
 - (+) Improvement in net gains and losses related to market fluctuations
 - (+) The absence of the loss recorded due to an unauthorized withdrawal of funds in Q1 FY21 at a subsidiary of Sony Life (-16.8 bln yen)

FY2022 Forecast (change from May forecast)

- Revenue / OI : Remain unchanged from May forecast

Notes

Sales on a Constant Currency Basis and the Impact of Foreign Exchange Rate Fluctuations

The descriptions of sales on a constant currency basis reflect sales calculated by applying the yen's monthly average exchange rates from the same period of the previous fiscal year to local currency-denominated monthly sales in the relevant period of the current fiscal year. For Sony Music Entertainment ("SME") and Sony Music Publishing LLC ("SMP") in the Music segment, and in the Pictures segment, the constant currency amounts are calculated by applying the monthly average U.S. dollar / yen exchange rates after aggregation on a U.S. dollar basis.

Results for the Pictures segment are described on a U.S. dollar basis as the Pictures segment reflects the operations of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based operation that aggregates the results of its worldwide subsidiaries in U.S. dollars.

The impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's periodic weighted average exchange rate for the same period of the previous fiscal year from the relevant period of the current fiscal year to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. The I&SS segment enters into its own foreign exchange hedging transactions, and the impact of those transactions is included in the impact of foreign exchange rate fluctuations on sales and operating income (loss) for that segment.

This information is not a substitute for Sony's consolidated financial statements measured in accordance with IFRS. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

Notes about Financial Performance of the Music, Pictures and Financial Services segments

The Music segment results include the yen-based results of Sony Music Entertainment (Japan) Inc. and the yen-translated results of SME and SMP, which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis.

The Pictures segment results are the yen-translated results of SPE, which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results is specified as being on "a U.S. dollar basis".

The Financial Services segment results include Sony Financial Group Inc. ("SFGI") and SFGI's consolidated subsidiaries such as Sony Life Insurance Co., Ltd. ("Sony Life"), Sony Assurance Inc., and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFGI and Sony Life disclose separately on a Japanese statutory basis.

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Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of COVID-19 and the developments relating to the situation in Ukraine and Russia could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

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